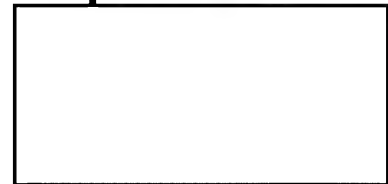


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This publication has been prepared by the China branches of the Far East Division of the Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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The Politics of Education

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Since the Cultural Revolution and particularly since the downfall of Lin Biao, Peking has introduced a number of moderate educational policies designed to raise the quality of higher education. Middle school students are reportedly still being told that academic performance, rather than politics, will govern their acceptance by universities, but there is growing evidence that moderate policies are being challenged.

Since December, many of the radical proposals advanced during the Cultural Revolution have again become prominent in domestic propaganda. Workers, peasants, and soldiers have received renewed acclaim as university students. The media have given extensive coverage to "spare-time" and workers' "universities" which burgeoned during the Cultural Revolution, and all but ignored conventional universities. One broadcast urged students to criticize their teachers, and teachers are again being encouraged to steel themselves through manual labor.

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In 1972, a huge enrollment of university students was begun in January and February, with students entering the universities later that spring. There was a second enrollment in the fall of 1972. So far this year, only one province has announced plans to enroll university students, and that announcement was not made until 19 May. It is possible that enrollments have been delayed until disputed issues were resolved. On the other hand, Peking may have decided to scrap the early enrollment in favor of one enrollment to begin each year in May.

Meanwhile, academic officials have apparently adopted a wait-and-see attitude, their usual practice in times of uncertainty. *People's Daily* recently noted that educators are afraid to commit themselves to policies which could later be reversed; a similar caution prevailed when the universities first reopened after the Cultural Revolution. Recognizing the need to jettison some of Mao's radical schemes, academic authorities reportedly won Chou En-lai's approval for changes, but were loath to proceed without official word from Mao.

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With such difficulty in getting a clear personal signal from the Chairman, it seems prudent for academic officials to keep their heads down.

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Hedging Against the Future

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Since mid-May, China has purchased 500,000 tons of US corn, mostly for delivery in the first quarter of 1974, and is negotiating for 500,000 to 800,000 tons of US wheat for delivery in the same period. The Chinese initially implied that any new deals would hinge on favorable credit terms, but they have apparently decided to settle for cash or limited private financing after learning that official credit terms probably could not be arranged.

The decision to buy grain so far in advance of delivery probably reflects Peking's concern over uncertain world grain supplies, rather than any expected shortage in this year's grain harvest. The grain Peking is seeking, together with 400,000 tons of Australian wheat that will be delivered after 1 January 1974, is roughly equivalent to China's normal quarterly requirements for imported grain. Peking had earlier purchased about 1.7 million tons of US wheat and corn for delivery 1 July through 15 December 1973. These imports should meet China's needs so long as there is no deterioration in the generally favorable growing conditions.

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No News Is No News

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The Sino-Soviet border talks have been on dead center so long that the recent return to Peking of Soviet negotiator Ilchev caused scarcely a ripple. NCNA followed its past policy and ignored the event entirely. In Moscow, however, two Chinese diplomats not only took note of Ilchev's return, but even raised the possibility that some progress might be in the offing, a remarkably positive assessment for any Chinese official to make. Such progress, they hastened to add, would have to come from a change in Soviet policy, and they wondered aloud if Ilchev was carrying a new proposal.

Such diplomatic small talk has to be taken with a large serving of salt. The Chinese diplomats, who admittedly were talking without guidance from Peking, placed the entire onus for "progress" on the Soviets, a completely self-serving position and hardly an indication of any softening of China's position. The fact is that neither side in the dispute is likely to allow real progress in the negotiations until there is a general thaw in Sino-Soviet relations—an extremely unlikely prospect at the present.

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Wooling the Thai

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The next move toward normalizing Sino-Thai relations will be to assign a permanent Chinese mission to ECAFE headquarters in Thailand. [REDACTED]

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[REDACTED] an exploratory mission would survey the situation in Bangkok late this summer. Both Peking and Bangkok have indicated they intend to use China's ECAFE mission as a channel for bilateral discussions; heretofore, representatives of the two countries have met at irregular intervals, sometimes in third country capitals.

Peking may have expected that progress toward a Sino-Thai detente would be more rapid. The Chinese probably believed that Thailand would welcome closer economic and political relationships as the war in Indochina ended and the US presence in the region decreased. [REDACTED]

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As late as last month, Peking had reason to believe that a formal trade arrangement was within reach. There were indications in mid-April that the Thai planned to loosen their relations with Taiwan and to open a trade office for direct dealing with China. [REDACTED]

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[REDACTED] Moreover, at a time when the Bangkok government was under fire for the large American military presence in Thailand, Chinese diplomats let it be known that Peking has no objections "for the time being" to US bases there.

Nonetheless, no formal trade mechanism has materialized, and for the moment Bangkok appears prepared to limit its ties with Peking to the ECAFE mission. Differences within the Thai leadership, combined with lingering mistrust of Chinese intentions, are apparently responsible for Bangkok's reticence. [REDACTED]

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Fertilizer--Another Loss for the Leftists

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The relative merits of small, decentralized factories and large industrial complexes are being debated anew. The focus of the debate this time is the chemical fertilizer industry. At this juncture, it appears that the advocates of large complexes, usually identified with the moderate wing of the leadership, have won an important victory, but small plant enthusiasts are still very much in the picture.

For the last six or seven years Peking has attempted to meet the country's huge demand for fertilizer through small plants producing low-quality fertilizer. The disappointing 1972 harvest and a declining rate of growth in both grain and cotton have convinced the leadership more must be done. Early this year, China contracted for four large chemical fertilizer plants from Western firms. When completed, these plants will more than double China's urea fertilizer capacity and, perhaps, reduce fertilizer imports.

The new plants will not become operational for several years, but their acquisition indicates that large plants have a greater role to play in China's long-term plans for the production of fertilizer. This larger role could be at the expense of the smaller chemical fertilizer plants. A Peking domestic radio broadcast recently insisted that large, medium, and small chemical fertilizer plants all have their own merits, and "none can be dispensed with." The broadcast went on to recite the now familiar list of benefits of small plants: less investment, shorter lead-time, reduced transportation costs, and greater responsiveness to local needs. It also claimed that there are now about 1,400 small chemical fertilizer plants in China—an increase over earlier published figures.

The small plant issue is not limited to the chemical fertilizer industry. Indeed, small plants have been an on-again, off-again feature of the Chinese industrial scene since the late 1950s. They receive the greatest emphasis during periods when leftist political forces are in the forefront in Peking. In early 1969, for example, the regime embarked on an ambitious program to promote the construction of small plants in five sectors of the economy. This scheme, known as the "five small" program, almost certainly was the creature of the more militant champions of the Cultural Revolution, who were riding higher then than they are now.

Politics aside, small plants have advantages and disadvantages in an under developed economy such as China. Most small chemical fertilizer plants turn out a below-standard product, but consume scarce raw materials, such as coking coal, needed for the larger, more modern producers. The proponents of small chemical fertilizer plants are taking steps to reduce this problem. A Peking domestic broadcast on 7 May asserted that small nitrogen fertilizer plants—which make up about half the total—are being modified so that they can use lower grade coal. According to the broadcast, more than 300 small nitrogen plants have already been "renovated" in this way, and the remainder will be converted by the end of 1974.

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Technical innovations of one sort or another may improve the product from small chemical fertilizer plants, but it is doubtful that their contribution to domestic output will in the long run come near to matching that of the large plants. The recent publicity accorded these plants indicates that those sympathetic with the program are nevertheless actively lobbying for its retention.

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Provincial Leadership Notes

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NCNA announced on 13 May that Liaoning party boss Chen Hsi-llen presided over a conference in his province on the prevention and cure of endemic diseases in 15 of China's 29 provinces. Chen sits on the Politburo and holds the top party and government jobs in Liaoning, positions that derive from his command of the Shenyang Military Region. Putting Chen in charge of a health campaign covering the northern half of China may be an attempt to broaden his experience in civilian affairs. This could put him in line for important new duties in Peking when the leadership starts to fill the vacant slots in the party and government apparatus. It could even be that Chen is being groomed for a major role in the post-Mao leadership.

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Fukien military and political boss Han Hsien-chu has reportedly become good friends with de facto defense minister Yeh Chien-ying. Han is comfortably in control of Fukien, but factionalism continues to hamper his efforts to complete the rebuilding of the provincial party.

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The central authorities are continuing to make progress in resolving leadership problems in the countryside, but there are still areas of uncertainty. Veteran civilian cadre Tan Chi-lung was finally named party first secretary in Chekiang in East China. Tan had been listed first at turnouts in the province for nearly a year and only recently was identified as just a secretary. Although he replaced a military man, soldiers are still well represented in other top provincial posts in Chekiang.

Only four of China's 29 province-level units now lack first secretaries, and two of these have a likely candidate. Nevertheless, recent developments show that some sticky problems remain:

--The demotion of the former number-two party leader in Honan, Wang Hsin, was confirmed on 1 May. A leftist military man, Wang appeared

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[REDACTED]

well down the list after an absence of nearly a year. Four new deputy secretaries have been named. One of them was a leading opponent of First Secretary Liu Chien-hsun, a left-leaning civilian, during the Cultural Revolution. The demotion of Wang and the appointment of Liu's erstwhile opponent appear to be an effort to dilute Liu's authority.

Wang Chia-tao, a military man who is first secretary in Hellingkiang, is alive, but his current residence and state of health are unknown. Letters by Wang and the number-two man in the provincial party were read at a provincial Communist Youth League Congress on 3 May; both were described as coming "from outside the province." The last previous reference to Wang was when he wrote a similar letter in December 1971. Meanwhile, six new secretaries have been named - three veteran civilians and three who cannot be identified.

Kwangtung's first secretary, Ting Sheng, a military man, continues to be absent from view. His last appearance was in mid-April. Ting usually appears frequently, but has recently missed several large turnouts, including May Day.

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CHRONOLOGY

11 May Foreign Minister Chi Peng-fei attends Lao National Day reception at Vientiane's embassy in Peking. []

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11-12 May Le Duc Tho stops over in Peking en route to talks with Dr. Kissinger in Paris; Tho sees Chou En-lai, Chang Chun-chiao and Sihanouk's prime minister, Penn Nouth. []

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12 May Australian trade mission, headed by minister J. F. Cairns, arrives in China for a two-week visit, meets Chou En-lai and Foreign Trade Minister Pai Hsiang-Kuo. []

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13-20 May Panamanian Minister of Trade and Industry Manfredo visits China, meets Chou En-lai. []

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14-15 May Ambassador David Bruce arrives in Peking to officially open US Liaison Office. []

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15 May Soviet Deputy Foreign Minister Ilyichev, head of the USSR delegation to the border talks, and Soviet Ambassador Tolstikov return to China. []

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15 May Danish Foreign Minister Andersen arrives in China. []

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16 May Chinese delegation departs for Bucharest to attend meeting of the Sino-Romanian Joint Commission. []

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17 May Chinese delegation at the World Health Organization co-sponsors admission of North Korea. []

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17 May Delegation of Chinese journalists arrives in New York. []

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18 May Delegation of Chinese scientists departs Peking for tour of US. []

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18 May Liao Ching-chih and his delegation conclude their month-long visit to Japan with final calls on Prime Minister Tanaka and other Japanese leaders. []

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19 May China and Australia announce that a joint trade committee to promote bilateral trade will be established. []

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20 May Greek Deputy Prime Minister Makarezos arrives in Peking for formal signing of trade, shipping, and civil aviation agreements. []

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- [REDACTED]
- 22 May Vice Minister of Communications Kuo Lu leaves Peking to attend opening of PRC aid projects in Zambia. [REDACTED] 25X1
- 22 May West German economic delegation arrives in Peking. [REDACTED] 25X1
- 24 May Peking announces that Foreign Minister Chi Peng-fei will visit Britain 6-10 June and then go on to France and Iran. [REDACTED] 25X1
- 24 May *People's Daily Commentator* indicates key to Cambodian settlement is an end to US military involvement. [REDACTED] 25X1

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